



**REPLY
ANNUAL REPORT ON
REMUNERATION POLICY
AND COMPENSATION PAID
IN 2019**

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1. INTRODUCTION

This document (“The Annual Report on Remuneration policy and compensation paid in 2019”, the “**Report**”), was prepared and approved by the Board of Directors on 13 March 2020 according to Article 123-ter of Legislative Decree No. 58/1998 (“TUF”) and Article 6 of the Corporate Governance Code, the July 2018 version, approved by the Corporate Governance Committee established at Borsa Italiana S.p.A..

This Report has been prepared in accordance with the annexed table 3A Scheme 7-bis contained in the Regolamento Emittenti no.11971/1999 and in accordance with the existing dispositions of art. 123-ter of Legislative decree. No. 58/1998 listed below:

- application of the remuneration policy also to the Control committees (article 123-ter, paragraph 3, a));
- declination of extraordinary events which allow to derogate the remuneration policy last approved by the members of the Board (art. 123-ter, paragraph 3-bis);
- binding vote on The Remuneration Policy (article 123-ter, paragraph 3-ter);
- non-binding vote on the part related to compensation paid (art. 123-ter, paragraph 3-ter, paragraph 6);
- check by the person in charge of the audit of the presentation of the second part of the Report (art. 123-ter, paragraph 8-bis).

The Report describes the Remuneration policy adopted by Reply S.p.A (hereon “Reply”) with reference to remuneration to (i) members of the Board of Directors and in particular to Executive Directors and Directors invested with special charges (ii) Directors with Strategic Responsibility and, pursuant to article 2402 of the Civil Code, (iii) members of the Control committee.

2. SECTION I

2.1. DRAFTING, APPROVAL AND IMPLEMENTATION OF THE REMUNERATION POLICY

The corporate bodies and persons responsible for drafting, approving and implementing the remuneration Policy are the following:

- Shareholders' meeting;
- The Board of Directors;
- The Remuneration and Nominating Committee;
- Executive Directors;
- Statutory Auditors.

Shareholders' meeting

With regard to remuneration, the Shareholders' meeting:

- determines the remuneration of each member of the Board of Directors, the Board of Statutory Auditors and the Executive Committee, if appointed in accordance with Article 2364(1) (3) of the Italian Civil Code; and shall establish, a total amount to all the Board. This amount is established in a concrete manner as to attract, retain and motivate the staff invested with high professional skills necessary to manage the Company with success;
- determines the participation in the profit of the present Company, dependent on the Gross consolidated margin, to Directors invested with special charges in accordance with the Company bylaw;
- deliberates, by binding vote, with the duration of at least three years, equal to the duration of the same, or in case of changes in the policy, on the First section of the Company's remuneration policy, upon proposal of the Remuneration and Nominating Committee;
- expresses its advisory, non-binding vote, on the second section of the Annual Report on Remuneration approved by the Board of Directors;
- is informed about the implementation of the Remuneration policy;
- resolves on the Remuneration Plans based on shares or other financial instruments for Directors, employees and collaborators, including Managers with strategic responsibilities pursuant to Article 114-bis TUF.

Board of Directors

The Board of Directors:

- establishes a Remuneration and Nominating Committee from among its members. One member must have adequate knowledge and experience with regards to financial and remuneration policy; the person's competence is evaluated by the Board when he/she is elected;
- determines, upon a proposal of the Remuneration and Nominating Committee, the Remuneration policy for members of the administrative bodies, and, pursuant to article 2402 of the Civil Code, of the Control committee. The Remuneration policy defines guidelines which all company members involved must follow as to determine the remuneration of Executive Directors, Directors invested with special charges and Directors with strategic responsibilities and also the Statutory Auditors. Such guidelines are illustrated in the present document;
- approves the Annual Report on Remuneration policy which shall be submitted to the General Shareholders' meeting with the deadlines required by the duration of the policy itself and at least every three years or in the event of changes to the policy itself;
- upon the proposal or opinion of the Remuneration and Nominating Committee determines, based on the guidelines of the Remuneration Policy, and in any case upon consulting the Board of Statutory Auditors, the remuneration of the Executive Directors and other Directors with specific responsibilities; prepares, with the assistance of the Remuneration and Nominating Committee, the remuneration plans based on the allocation of shares or other financial instruments and submits them to the approval of the Shareholders' meeting in accordance with Article 114-bis TUF;
- carries out the Remuneration plans based on shares or other financial instruments delegated by the Shareholders' meeting.

Considering the current structure of the Board of Directors and the shares held in Reply S.p.A., by various members, no succession plan which regulates the substitution of Executive Directors or Directors with Strategic position or those who have ceased has been implemented. In particular, the substitution of an Executive is carried out in accordance to Article 2386 of the Italian Civil Code, in which the Board of Directors chooses the Executive. Whereas the substitution of Directors with strategic responsibility is agreed upon by top management of the company.

Remuneration committee

The remuneration committee:

- makes proposals and advises the Board of Directors in relation to the remuneration to Executive Directors and other Directors with special charges, and furthermore advises on the identification and fixing of adequate performance objectives that enable the calculation of the variable components of the compensation;
- makes proposals to the Board of Directors on the remuneration policy;
- assists the Board of Directors in drawing up and implementing remuneration plans based on shares or other financial instruments;
- periodically evaluates the adequacy and correct application of the remuneration policy, making use of information provided by the Executive Directors when the evaluation is referred to a Director with strategic responsibility;
- provides the Board of Directors' opinions and proposals about remuneration;
- monitors implementation of the decisions adopted by the Board of Directors regarding remuneration, evaluating that the performance target has been achieved;
- refers to the Shareholders' the methods of the Committees functions; for such reason, the presence of the Chairman of the Remuneration and Nominating Committee or another member of the Committee is recommended at the annual Shareholders' meeting;
- if it is deemed necessary or appropriate an external consultant with expertise in remuneration policy can be utilized to carry out such task; the independent expert must not carry out any form of activity in favor of Reply Human resource department, shareholders', Executive Directors and Directors with strategic responsibilities. The independence of external consultants is verified by the Remuneration and Nominating Committee before they are appointed.

On 24 April 2018, Reply S.p.A.'s Board of Directors appointed the actual members of the Remuneration and Nominating Committee. As at the date of approval of this Report, the Remuneration and Nominating Committee was comprised as follows:

- Fausto Forti, Chairman of the Committee and Lead Independent Director;
- Secondina Giulia Ravera, Independent Director;
- Francesco Umile Chiappetta, Independent Director.

The Chairman of the Remuneration and Nominating Committee has gained adequate knowledge and experience on financial issues and remuneration policy given his professional experience in large companies.

In 2019 the Remuneration Committee relied on the support of remuneration policy experts in Reply to draw up the Remuneration Policy.

For further information regarding the operation and activities of the Remuneration and Nominating Committee for the financial year ended as at 31 December 2019, see the 2019 Report on Corporate Governance and Ownership Structure.

Executive Directors

Executive Directors:

- Provide the Remuneration Committee all useful information so to evaluate the adequacy and concrete application of the Remuneration Policy, with particular regard to the remuneration of Directors with strategic responsibilities;
- Establish the remuneration to Directors with Strategic Responsibilities based on the guidelines set out by the Remuneration Policy.

Statutory Auditors

The Board of Statutory Auditors has the task of providing opinion in relation to the Remuneration Policy; in particular, the Board provides opinions on the remuneration of Executive Directors and Directors invested with special charges; in expressing their opinion the Board verifies the consistency of the proposals with the Remuneration Policy.

2.2. REMUNERATION POLICIES

The 2020 Remuneration Policy related to Executive Directors and Directors with strategic responsibilities has evolved compared to 2019, in view of the assessments made by the Remuneration and Nominating Committee and the proposals submitted to the Board of Directors at the meeting of 13 March 2020 by the Board of Directors.

In this regard, it should be noted that the Board of Directors at the meeting of 13 March 2020 decided to review, in an evolutionary perspective, the Remuneration Policy of Executive Directors and Directors with strategic responsibilities, confirming the current approach of the short-term variable component but changing the variable medium-term component of remuneration, introducing new parameters, objectives, maximum limits and “*Claw back*.”

The Remuneration Policy adopted by the Board of Directors of 13 March 2020 is related to the period 2020-2022 and subsequently has revoked the previous remuneration plan (2018-2020).

The Remuneration Policy is intended to ensure the Company has the ability to attract, retain and motivate individuals who have professional skills and experience to pursue the achievement of the Company's objectives. The Policy is also instrumental in aligning the interests of the Company's *management* with those of the shareholders, pursuing the primary objective of the creation of value over a medium-long term period, through the creation of a strong link between remuneration and individual or of the whole society performance.

The Remuneration Policy reflects and takes into account the specificities of the business model adopted by Reply.

Reply operates through a network of companies that highly specializes in processes, applications and technologies. The growth of the network takes place both organically, also through the creation of new startups, and through the acquisitions of control investments in companies always with the mission of becoming excellence centers in its operational scope and grow both operationally and dimensionally.

This model has allowed:

- to ensure a strong involvement of management in various levels of the organization and in the company;
- to develop the size of the Group, partly for internal lines and partly for external lines;
- to achieve, consistently and with a growing trend, excellent performance in terms of turnover and EBITDA.

Due to the distinctive character of Reply's business model, the Remuneration Policy has always identified EBITDA as a prevailing performance indicator both for the short-term period and for the long-term one.

Considering the activity of assessment and benchmarking required by the Remuneration Committee, it was considered to:

- to introduce, in addition EBITDA, additional performance indicators to correlate the variable medium/long-term component of remuneration;
- to provide for a period of deferment of the payment of the variable components of the remuneration compared with the time of maturity of remuneration, with particular reference to the medium/long term variable component;
- to provide the application of "*Claw back*" mechanisms, where, with the exception of any other actions allowed in order to safeguard the interests of the Company, it will be possible

for Reply to request the return (in all or part), within three years of their disbursement, of incentives paid to those who, by grievousness or gross negligence, have been responsible for (or have contributed to) the facts, as listed below, related to economic and financial parameters included in the Annual Financial Report used for determining the variable premiums of these incentive plans: (i) proven and significant mistakes that result in a non-compliance with accounting principles that Reply claims to apply, or (ii) proven fraudulent conduct aimed to obtain a specific representation of the financial structure, the net result or cash flows of Reply, or (iii) violations of laws and regulations, the Code of Ethics or company policies.

2.3. REMUNERATION OF DIRECTORS

With reference to 2019 the Directors were as follows:

Mario Rizzante	Chairman and Chief Executive Officer
Tatiana Rizzante	Chief Executive Officer
Claudio Bombonato	Executive Director
Daniele Angelucci	Executive Director
Filippo Rizzante	Executive Director
Elena Maria Previtera	Executive Director
Fausto Forti	Non-Executive Director, Independent and Lead Independent Director
Secondina Giulia Ravera	Non-Executive Director, Independent
Francesco Umile Chiappetta	Non-Executive Director, Independent

In 2019 remuneration of Directors not invested with operational proxies is as follows:

- 30,000 Euros annually for each member of the Board, as resolved by the Shareholders' meeting of 23 April 2018.

In 2019 the remuneration of Board members of the Supervisory Body – with reference to Mr. Fausto Forti – was determined as follows:

- 1,000 Euros for each participation in the Supervisory Body meeting.

A specific remuneration component in relation to the participation in the Committee meetings or to the execution of specific engagements not related to operational proxies was not foreseen.

Non-Executive Directors are not eligible for any variable form of compensation linked to the achievement of financial targets.

The Company has an insurance policy on third party liability for damage inflicted by the Board of Directors (apart from the General Manager, but also Directors with Strategic Responsibilities) in performing their duties, with the aim of safeguarding the beneficiaries and the Company from any connected indemnity, excluding cases of malice or gross negligence.

The Board of Directors, following instructions from the President of the Committee for the Corporate Governance in the letter of year-ended 2019 and in view of the competencies, professionalism and commitment required by the Non-executive directors – and in view of their participation in the committees, has decided to propose an increase in the compensation of the Non-executive directors to 50,000 Euros commencing financial year 2020.

2.4. REMUNERATION OF EXECUTIVE DIRECTORS

Under a legal and statutory perspective, remuneration of the Company's Executive Directors is established in accordance with:

- Article 2389(3) of the Italian Civil Code – “The remuneration of Directors invested with special responsibilities in conformity with the by-laws is determined by the Board of Directors after consultation with the Board of Statutory Auditors”, with the exception of any Director bound to the Company through an employment relationship in the capacity of Director, the remuneration is defined in that report;
- Article 22(2) of the by-laws – “Directors invested with special responsibilities are entitled to share in the profits of the Company, dependent on the Consolidated Gross Operating Margin, whose quantification is established annually by the Shareholders' meeting at the time the Financial Statements are approved”.

From the perspective of the Remuneration Policy, the remuneration of the Executive Directors is generally comprised of the following elements:

- **A gross annual fixed component;**
- **A variable component** linked to general predetermined, measurable objectives connected to the creation of value.

The Board of Directors keeps in mind two factors when determining remuneration and its single components: the specific proxy that each Executive Directors holds and/or the function and the role actually carried out by each Executive Director within the Company, thus ensuring that the variable component is coherent with the tasks assigned.

Under an accounting perspective, the remuneration of the Executive Directors is recorded in the Financial Statements in the year in which the services are rendered both for the fixed gross annual component and the variable component, even though payment is made through profit sharing in accordance with Article 22 of the Company By-laws; This is consistent with the International Financial Reporting Standards IAS/IFRS in as much as profit-sharing is considered to all effects as part of the remuneration and therefore the relative allocation is recorded in the Financial Statements in the year in which the Executive Directors' services are rendered; for such reason, the proposal to attribute profit-sharing is the object of resolution by the Board of Directors at the same time as approval of the draft annual Financial Statements.

With reference to 2019,

- during the meeting of 14 March 2019 the Board of Directors approved resolutions on the Remuneration Policy for 2019, upon the proposal of the Remuneration Committee;
- the Board of Directors, upon proposal of the Remuneration Committee, at its meeting on 14 March 2019, adopted the resolutions granting the fixed component of the Executive Directors and established the methods for determining the variable component of the remuneration of Executive Directors for 2019 through the recognition of a profit sharing pursuant to art. 22 of the Bylaws, and did not adopt new resolutions concerning the medium-term variable component, confirming the methods used in previous fiscal years even for 2019;
- the Shareholders' meeting of 19 April 2019 approved, with a non-binding resolution (according to the previous existing regulations), the Remuneration Report containing the Remuneration Policy;
- the Remuneration Committee, during the meetings of 24 February and 13 March 2020, carried out a performance audit, both with reference to the short-term variable component for the year 2019 and to the variable medium/long-term component for the period 2017 – 2019 and, taking into account the information provided and data processing prepared by the internal structures, has made to the Board of Directors proposals for profit sharing to be submitted to the General Shareholders' meeting, together with the relevant breakdown;
- the Board of Directors, during the meeting of 13 March 2020, on the basis of the proposal of the Remuneration Committee, has therefore made the proposal for profit sharing to be submitted to the General Shareholders' meeting, together with the relevant breakdown;
- on 21 April 2020 the Shareholders' meeting shall be called to approve the proposal regarding the variable component of remuneration as described.

With reference to 2020, remuneration is based on the following criteria:

- the predetermination of performance objectives, or of economic results and other specific objectives linked to the disbursement of variable, measurable and value-creation components;
- the weight of the short term variable component, being understood that the fixed component must be sufficient to compensate the performance of Executive Directors in case the variable component is not paid out when performance objectives established by the Board of Directors are not achieved;
- the correct balance between the short term and long term fixed and variable component according to the Company's strategic objectives and the risk management policy, also

considering the areas of activities in which it operates and the characteristics of the actual business activity;

- the relationship between the variance of the results achieved and the variance of the remuneration is guaranteed through scaling of the variable compensation up to a maximum limit related to a scale of objectives;
- deferral of payment of the variable components with respect to when the compensation matures in order to verify the fulfillment of the objectives and moreover enable a proper risk management of the company within the Remuneration Policy requirements.

The criteria utilized in defining remuneration for Executive Directors for 2020 was established by the Board of Directors and is as follows:

- accrual is subordinated to the achievement of one of the accessible terms represented by the capacity of the profits of the Company;
- with reference to short term variable components:
 - › fixing of the annual margin objective represented by the Consolidated Gross Operating Margin (EBITDA) as shown in the consolidated Financial Statements, with the identification of a minimum threshold and maximum threshold;
 - › quantifying the bonus, up to a predetermined maximum amount, related to the degree of the achievement of the target;
 - › breakdown, in general, of the variable short-term profit-sharing component, related to the Consolidated Gross Operating Margin between Directors invested with special responsibilities are entitled pursuant to Article 22 of the Company By-laws;
 - › in order to verify the fulfillment of the objectives, payment of the variable component is deferred by several months with respect to when it comes to maturity;
- with reference to the long term variable components:
 - › setting performance targets for a three-year period related to TSR (Total Shareholder Return), FCFO (Free Cash Flow from Operation) and ROACE (Return On Average Capital Employed);
 - › different consideration of the weighted performance indicators referred to the medium-term variable component assigning a greater weight to those consistent with the company's strategy and for which the Executive Directors and Directors with strategic responsibilities have full operational responsibility;
 - › quantifying the bonus, up to a predetermined maximum amount, related to the degree of the achievement of the target;
 - › allocation of the medium-term variable component in proportion to the months the

- beneficiaries are in charge enter the long-term incentive plan during the three-year period;
- › allocation of the medium-term variable component, in a single tranche at the end of the three-year period, through a special resolution of the controlling bodies in accordance to existing laws and to the company by-laws;
 - › deferral of the payment of aforesaid variable component from the end of the three-year period;
 - › the medium-term variable component in the case of early termination of the office with respect to the end of the three-year period will not be attributed;
- to provide the application of “*Claw back*” mechanisms, where, with the exception of any other actions allowed in order to safeguard the interests of the Company, it will be possible for Reply to request the return (in all or part), within three years of their disbursement, of incentives paid to those who, by grievousness or gross negligence, have been responsible for (or have contributed to) the facts, as listed below, related to economic and financial parameters included in the Annual Financial Report used for determining the variable premiums of these incentive plans: (i) proven and significant mistakes that result in a non-compliance with accounting principles that Reply claims to apply, or (ii) proven fraudulent conduct aimed to obtain a specific representation of the financial structure, the net result or cash flows of Reply, or (iii) violations of laws and regulations, the Code of Ethics or company policies.

If the performance targets are not achieved because of extraordinary and/or unpredictable factors, the Board of Directors, following the advice of the Remuneration Committee, after hearing the opinion of the Board of Statutory Auditors, and activating, where required, the Procedure with Related Parties Operations, reserves the right to consider whether to pay the medium-term variable component in all or in part, considering the percentage of deviation with respect to the targets for quantitative objectives.

The Executive Directors are granted other types of benefits typical of the office held and recognized within the Group to Directors having strategic responsibilities and/or managers (i.e. company car).

For those Directors employed by the company, these directors are entitled to the employee severance indemnity (TFR, pursuant to Article 2120 of the Italian Civil Code. Directors are also entitled to a termination severance indemnity (TFM) for small amounts (see the annexed table to section 3.1).

The Board of Directors can propose to the Shareholders the adoption of the incentive mechanisms through the attribution of financial options, but, at present no incentive plans of this kind have been established.

The Company deems that the Remuneration Policy is consistent with the pursuit of the long-term interests of the company and its risk management.

2.5. GENERAL MANAGERS AND DIRECTORS WITH STRATEGIC RESPONSIBILITY

As at 13 March 2020 the role of General Manager is nonexistent in the Company's organization.

Three Directors have Strategic Responsibility at 13 March 2020.

Remuneration to Directors with Strategic Responsibilities is composed by a fixed and short-term variable component and established with the same principles and criteria described above for the Executive Directors. For further information, see point 2.4 Remuneration to Executive Directors. Directors with Strategic Responsibilities have the right to severance indemnity (TFR) ex Art. 2120 of the Italian Civil Code. Furthermore, some Directors who cover strategic positions in subsidiaries have also been assigned post termination treatment (TFM) determined in the same manner as severance indemnity.

If the performance targets are not achieved because of extraordinary and/or unpredictable factors, the Board of Directors, following consultation of the Remuneration Committee, after hearing the opinion of the Board of Statutory Auditors, and activating, where required, the Procedure with Related Parties Operations, reserves the right to consider whether to pay the medium-term variable component in all or in part, considering the percentage of deviation with respect to the targets for quantitative objectives.

2.6. CESSATION OF OFFICE OR TERMINATION OF EMPLOYMENT

At the date of the present Report no allowance has been set in event of cessation of office or termination of employment on behalf of Executives and Directors with Strategic Responsibilities apart from what is provided by the ex-law and/or the Collective labor agreement in case the persons have a dependent work contract (4 Directors).

2.7. TEMPORARY EXEMPTIONS TO THE REMUNERATION POLICY

With the aim of rewarding the most distinctive performance, as well as remunerating significant efforts in the field of operations and projects of extraordinary nature, the Company reserves the opportunity to offer Directors and/or Directors with strategic responsibility forms of extraordinary remuneration (una tantum bonuses) up to a maximum amount subject to the approval of the Board of Directors, on the proposal of the Committee for Remuneration, consulting with the Board of Statutory Auditors, and activating, if required, the Procedure with Related Parts Operations.

2.8. BOARD OF STATUTORY AUDITORS

The shareholders' meeting of 23 April 2018 determined the annual compensation for the members of the Board of Statutory Auditors:

- 48,000 Euros for the President per year;
- 32,000 Euros for the Statutory Auditors per year.

In anticipation of the resolution to nominate the Board of Statutory Auditors, the Company conducts a benchmark analysis with other comparable companies of the compensation paid to members of the Board of Statutory Auditors in order to formulate a proposal of the fixed compensation for the three-year period.

In line with best practices, an insurance policy is in place to cover the civil liability towards third parties of the members of the Board of Statutory Auditors in the exercise of their functions aimed at keeping the beneficiaries and the Company harmless from the charges deriving from the related compensation, excluding cases of willful misconduct.

The Board of Directors, following instructions of the President of the Committee for the Corporate Governance in the letter of year-ended 2019 and in view of the competencies, professionalism and commitment required of the members of the Statutory Auditors, has decided to increase the compensation of the President of the Board to 58,000 Euros per year and of the Statutory Auditors to 42,000 Euros on an annual basis commencing financial year 2020.

3.SECTION II

3.1. REMUNERATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGERS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

Remuneration paid in 2019 to members of the Board of Directors, Statutory Auditors, General Managers with Strategic Responsibilities (figures in thousands of Euros)

Name Surname	Office held Reply S.p.A.	Period of office	Term of office	Fixed Remuneration	Remuneration for the participation in internal committees
Mario Rizzante	Chairman and Chief Executive Officer	1/1/2019-31/12/2019	Shareholders' meeting for the approval of 31 December 2020 Financial Statements	460 ⁽¹⁾	-
			Remuneration paid by subsidiaries	270 ⁽²⁾	-
			Total	730	-
Tatiana Rizzante	Chief Executive Officer	1/1/2019-31/12/2019	Shareholders' meeting for the approval of 31 December 2020 Financial Statements	260 ⁽³⁾	-
			Remuneration paid by subsidiaries	361 ⁽⁴⁾	-
			Totale	621	-
Claudio Bombonato	Executive Director	1/1/2019-31/12/2019	Shareholders' meeting for the approval of 31 December 2020 Financial Statements	300	-
Filippo Rizzante	Executive Director	1/1/2019-31/12/2019	Shareholders' meeting for the approval of 31 December 2020 Financial Statements	150	-
			Remuneration paid by subsidiaries	355 ⁽⁵⁾	-
			Totale	505	-
Daniele Angelucci	Executive Director	1/1/2019-31/12/2019	Shareholders' meeting for the approval of 31 December 2020 Financial Statements	220	-
			Remuneration paid by subsidiaries	203 ⁽⁶⁾	-
			Total	423	-

non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of the equity remuneration	Post mandate indemnity
Bonus and other incentives	Profit Sharing (*)					
-	750	-	-	1,210	-	-
-	-	-	-	270	-	-
-	750	-	-	1,480	-	-
-	750	-	-	1,010	-	-
-	-	-	-	361	-	-
-	750	-	-	1,371	-	-
-	600	-	-	900	-	-
-	612	-	-	762	-	-
-	-	-	-	355	-	-
-	612	-	-	1,117	-	-
-	625	-	-	845	-	-
-	-	-	8 ⁽⁷⁾	211	-	-
-	625	-	8	1,056	-	-

Elena Maria Previtera	Executive Director	1/1/2019-31/12/2019	Shareholders' meeting for the approval of 31 December 2020 Financial Statements	286 ⁽⁸⁾	-	
Fausto Forti	Non-Executive Director and Independent	1/1/2019-31/12/2019	Shareholders' meeting for the approval of 31 December 2020 Financial Statements	34 ⁽⁹⁾	-	
Secondina Giulia Ravera	Non-Executive Director and Independent	1/1/2019-31/12/2019	Shareholders' meeting for the approval of 31 December 2020 Financial Statements	30	-	
Francesco Umile Chiappetta	Non-Executive Director and Independent	1/1/2019-31/12/2019	Shareholders' meeting for the approval of 31 December 2020 Financial Statements	30	-	
Giorgio Mosci	Chairman of the Board of Statutory Auditors	1/1/2019-31/12/2019	Shareholders' meeting for the approval of 31 December 2020 Financial Statements	48	-	
Ada Alessandra Garzino Demo	Statutory Auditor	1/1/2019-31/12/2019	Shareholders' meeting for the approval of 31 December 2020 Financial Statements	32	-	
			Remuneration paid by subsidiaries	10 ⁽¹⁰⁾	-	
				Total	42	-
Piergiorgio Re	Statutory Auditor	1/1/2019-31/12/2019	31/12/2020	32	-	
				Remuneration paid by subsidiaries	1,160	-
Directors with Strategic Responsibility				Total	1,160	-

To be noted that where no indication has been made, no compensation has been given to Reply S.p.A. subsidiaries.

Remuneration to Directors is as follows:

- (1) Gross emolument for the office of Chairman and Chief Executive Officer of the Board of Directors in Reply S.p.A.;
- (2) Gross emolument for the office of Chief Executive Officer in subsidiaries;
- (3) Gross emolument for the office of Chief Executive Officer in Reply S.p.A.;
- (4) Gross emolument for the office of Chief Executive Officer in subsidiaries equal to 64 thousand Euros. The remaining amount refers to the gross salary received as an employee,

-	500	-	-	786	-	-
-	-	-	-	34	-	-
-	-	-	-	30	-	-
-	-	-	-	30	-	-
-	-	-	-	48	-	-
-	-	-	-	32	-	-
-	-	-	-	10	-	-
-	-	-	-	42	-	-
-	-	-	-	32	-	-
-	1,250	-	54 ⁽⁷⁾	2,464	-	-
-	1,250	-	54	2,464	-	-

(5) Gross Salary received as an employee in a subsidiary company;

(6) Gross emolument for the office of Chief Executive Officer in subsidiaries equal to 128 thousand Euros. The remaining amount refers to the gross salary received as an employee,

(7) Post termination treatment,

(8) Gross Salary received as an employee in Reply S.p.A.;

(9) Gross emolument for the office of Independent Directors in 2019 equal to 30 thousand Euros. The residual amount is referred to the presence tokens in 2019 for the participation in the Internal Control Committee meetings;

(10) Gross emolument for the office of Chairman of the Board of Statutory Auditors in 2019 in subsidiaries.

(*) The profit share refers to the bonuses accrued in relation to incentive plans with short-term objectives 2019 and medium-long term objectives for the three-year period 2017-2019 as detailed in the table below.

3.2. Stock-option granted to members of the Board of Directors and Executives with Strategic Responsibility (in Euros)

At present no stock options are held, have been assigned, exercised or have expired in 2019.

3.3. Monetary incentive plans for the Board of Directors and other Directors with strategic responsibilities (amounts in Euros)

a Name and surname	b Position held	(1) Plan	(2) Bonus of the year		
			(a)	(b)	(c)
			Payable/Paid	Deferred	Deferral period
Mario Rizzante	Chairman and Chief Executive Officer of Reply S.p.A.				
Remuneration from the company that prepares the financial statement		Short Term Bonus Board of Directors 14/03/2019	600	-	-
		Long Term Bonus period 2017-2019 Board of Directors 15/03/2017	-	-	-
Total			600	-	-
Tatiana Rizzante	Chief Executive Officer of Reply S.p.A.				
Remuneration from the company that prepares the financial statement		Short Term Bonus Board of Directors 14/03/2019	600	-	-
		Long Term Bonus period 2017-2019 Board of Directors 15/03/2017	-	-	-
Total			600	-	-
Claudio Bombonato	Executive Director of Reply S.p.A.				
Remuneration from the company that prepares the financial statement		Short Term Bonus Board of Directors 14/03/2019	450	-	-
		Long Term Bonus period 2017-2019 Board of Directors 15/03/2017	-	-	-
Total			450	-	-
Filippo Rizzante	Executive Director of Reply S.p.A.				
Remuneration from the company that prepares the financial statement		Short Term Bonus Board of Directors 14/03/2019	500	-	-
		Long Term Bonus period 2017-2019 Board of Directors 15/03/2017	-	-	-
Total			500	-	-

(3)			(4)	
Bonus of the previous year			Other Bonus	
(a)	(b)	(c)		
No longer payable	Payable/Paid	Still deferred		
-	-	-		-
-	150	-		-
-	150	-		-
-	-	-		-
-	150	-		-
-	150	-		-
-	-	-		-
-	150	-		-
-	150	-		-
-	-	-		-
-	112	-		-
-	112	-		-

Daniele Angelucci	Executive Director of Reply S.p.A.				
Remuneration from the company that prepares the financial statement		Short Term Bonus Board of Directors 14/03/2019	500	-	-
		Long Term Bonus period 2017-2019 Board of Directors 15/03/2017	-	-	-
		Total	500	-	-
Elena Maria Previtera	Executive Director of Reply S.p.A.				
Remuneration from the company that prepares the financial statement		Short Term Bonus Board of Directors 14/03/2019	500	-	-
		Total	500	-	-

	-	-	-	-
	-	125	-	-
	-	125	-	-
	-	-	-	-
	-	-	-	-

3.4. Shares held by the members of the Board of Directors and Executives with Strategic Responsibility in companies with listed shares and its subsidiaries

Shares held by the members of the Board of Directors

FIRST NAME AND SURNAME	OFFICE	SHARES HELD	NO. OF SHARES HELD AT 31/12/2018	NO. OF SHARES BOUGHT	NO OF SHARES SOLD	NO. OF SHARES HELD AT 31/12/2019
Tatiana Rizzante	Chief Executive Officer	Reply S.p.A. (1)	62,936	-	-	62,936
Filippo Rizzante	Executive Director	Reply S.p.A.	13,600	-	-	13,600
Daniele Angelucci	Executive Director	Reply S.p.A. (2)	481,078	-	-	481,078

(1) of which 48,680 shares held personally;

(2) of which 307,878 shares held personally and 158,400 shares held in usufruct.

Mr. Mario Rizzante, Chairman of the Board of Directors, Mr. Claudio Bombonato, Executive Director, Mr. Fausto Forti, Mrs. Secondina Giulia Ravera and Mr. Francesco Umile Chiappetta, Independent Directors, and Mr. Giorgio Mosci, Mrs. Ada Alessandra Garzino Demo, Mr. Piergiorgio Re Statutory Auditors, do not hold shares of Reply S.p.A..

At 31/12/2019 the following members of the Board of Directors hold shares in the Company:

- Mario Rizzante holds 100% of Iceberg S.r.l., a limited liability company with headquarters at C.so Francia 110, Turin.
- Iceberg S.r.l. holds 51% of Alika S.r.l. that holds no. 16,872,556 Reply S.p.A. shares (with double voting share starting from March 6, 2020), equivalent to 45.100% of the Company's share capital.

Shareholdings of Directors with strategic responsibility

NUMBER OF DIRECTORS HAVING STRATEGIC RESPONSIBILITY	SHARES IN	NO. OF SHARES HELD AT 31/12/2018	NO. OF SHARES BOUGHT	NO. OF SHARES SOLD	NO. OF SHARES HELD AT 31/12/2019
3	Reply S.p.A.	690,628 ⁽¹⁾	1,170	-	691,798

(1) The figure refers only to Directors with strategic responsibilities who held this position during 2019.

Definitions

In the present document the definitions of the words in upper case is as follows:

“**Board**”: means all the Board members of Reply, whether Executive, Non- Executive, Independent, etc.;

“**Executive Directors**”: means, in accordance with the criteria of the Corporate Governance Code for Listed Companies:

- Directors of Reply who have been nominated as Chief Executive Directors of the Company or subsidiaries which has strategic importance;
- Members of the Reply Board of Directors with management duties in the Company or subsidiaries which has strategic importance;
- The Directors of Reply, who may also be the Chairman of the Company, holder of specific individual proxies or having a specific role in the development of the company strategies;

“**Other Directors invested with special charges**” means Directors who are assigned special charges (i.e. Chairman, Vice- Chairman), different from the Executive Directors;

“**Executives with Strategic responsibilities**” means those who have power and responsibility in – directly or indirectly- planning, managing and controlling the activities of the Company, in accordance with the Market Abuse Regulation (Regolamento UE n. 596/2014), pursuant to art. 3, paragraph 1, point 25, let. b).

HEADQUARTERS

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CORPORATE DATA

Share capital: Euro 4,863,485.64 fully paid up
 Revenues: 1,182,528,000 €
 Fiscal Code and R.I. of Turin no. 97579210010
 VAT no. 08013390011
 REA of Turin 938289

INTERNAL AUDIT DEPARTMENT

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